

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 NIC-01 SAJ-01 CIAE-00 DODE-00 PM-03

H-01 INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 IO-10 AID-05 EB-07 CIEP-01 TRSE-00

STR-01 OMB-01 CEA-01 COME-00 /084 W  
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R 141551Z FEB 75

FM USMISSION USBERLIN

TO SECSTATE WASHDC 0490

INFO AMEMBASSY BERLIN

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

USMISSION NATO

C O N F I D E N T I A USBERLIN 0289

E.9. 11652: GDS

TAGS: PGOV, PFOR, WB, UR

SUBJECT: GERMAN-SOVIET JOINT VENTURES IN BERLIN

1. SUMMARY: SOVIET TRADE OFFICE HAS RECENTLY QUERIED MISSION AS TO POSSIBILITY OF SOVIET PARTICIPATION IN JOINT COMMERCIAL VENTURES IN BERLIN. ALLIED MISSIONS HERE ARE IN AGREEMENT THAT SOVIET EMBASSY SHOULD BE ADVISED THAT SOVIET COMMERCIAL ACTIVITIES IN WESTERN SECTORS CANNOT AT PRESENT EXCEED LEVEL PERMITTED UNDER QA. END SUMMARY.

2. VALERIY PANYUSHKIN, HEAD OF OFFICE OF SOVIET FOREIGN TRADE ASSOCIATIONS IN WEST BERLIN, RECENTLY ASKED MISSION ECONOMIC ADVISE ABOUT ALLIED ATTITUDE TOWARDS ESTABLISHMENT OF JOINT SOVIET-GERMAN COMMERCIAL VENTURES IN WESTERN SECTORS. ECONOMIC ADVISER COMMENTED THAT THIS WAS COMPLICATED SUBJECT, BUT UNDERTOOK TO PASS  
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ALONG ALLIED VIEWS IN DUE COURSE.

3. AS ADDRESSEES MAY RECALL, SUBJECT OF JOINT SOVIET-GERMAN VENTURES IN BERLIN WAS AIRED IN SOME DETAIL IN 1972 IN CASE OF SOVIET FOREIGN TRADE ASSOCIATION TEKHMASHIMPORT. IN MARCH OF THAT YEAR ALLIES WERE INFORMED BY SENAT THAT BERLIN LAWYER, ACTING ON BEHALF OF INTERESTED PARTY, HAD INQUIRED WHETHER ANY ALLIED LAWS OR REGULATIONS IN FORCE PROHIBITED ESTABLISHMENT OF CORPORATION IN BERLIN (FOR SALES OF SOVIET HEAVY MACHINERY) IN WHICH THERE WOULD BE FIFTY PERCENT PARTICIPATION BY 'UNNAMED) GERMANS AND FIFTY PERCENT BY TEKHMASHIMPORT. SENAT ADVISED US THAT THIS WOULD NOT BE CONTRARY TO GERMAN LEGISLATION, AND GAVE AS ITS VIEW THAT ONLY APPLICABLE LEGISLATION WOULD BE BK/O REQUIRING CORPORATIONS TO PROVIDE INFORMATION REGARDING THEIR ORGANIZATION AND ACTIVITIES AND TWO BK/L'S (IN CONJUNCTION WITH AMBASSADORS' LETTER OF AUGUST 1963) PROHIBITING SOVIET ACQUISITION OR USE OF REAL PROPERTY IN WESTERN SECTORS WITHOUT SPECIFIC ALLIED AUTHORIZATION.

3. IN CONSIDERING TEKHMASHIMPORT CASE IN 1972, ALLIED MISSIONS WERE IN AGREEMENT THAT JOINT VENTURES LAY OUT-

SIDE SCOPE OF EXPANSION OF SOVIET COMMERCIAL ACTIVITIES PERMITTED UNDER QA (SPECIFICALLY AGREED MINUTE II). AND THAT WE WERE THEREFORE UNDER NO OBLIGATION TO AUTHORIZE THEIR FORMATION. ALLIED MISSIONS ALSO SHARED SUSPICION THAT SOVIETS WERE DELIBERATELY SEEKING TO MAKE USE OF 50/50 TECHNIQUE TO CIRCUMVENT PROVISIONS AND INTENT OF AGREED MINUTE II, AND THEREBY TO BUILD UP PRESENCE IN BERLIN THAT WOULD BE OUTSIDE ALLIED CONTROL. CONSENSUS, ACCORDINGLY, WAS THAT WE SHOULD NOT PERMIT FORMATION OF JOINT GERMAN-SOVIET VENTURES IN BERLIN IF AND WHEN PERMISSION FOR THIS WAS REQUESTED. BRITISH AND US MISSIONS WERE IN FAVOR OF CONVEYING DIRECT WARNING TO THIS EFFECT TO SOVIET EMBASSY, BUT ON ACCOUNT OF FRENCH OPPOSITION THIS WAS NOT CARRIED THROUGH. IN DUE COURSE SENAT WAS ADVISED TO RESPOND TO INTERESTED LAWYER'S INQUIRY TO EFFECT THAT THERE WAS NO BAR IN CONFIDENTIAL

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GERMAN LEGISLATION TO JOINT GERMAN-SOVIET VENTURES, BUT THAT NECESSARY AUTHORIZATION WOULD HAVE TO BE OBTAINED FROM APPROPRIATE SECTOR COMMANDANT.

4. ALLIED MISSIONS ARE IN AGREEMENT THAT CONSIDERATIONS OUTLINED IN PARA 3 ARE AS VALID IN 1975 AS THEY WERE IN 1972, AND THAT WE SHOULD NOT-- AT LEAST FOR PRESENT--

AUTHORIZE ANY EXPANSION OF SOVIET COMMERCIAL PRESENCE IN WESTERN SECTORS BEYOND THAT PERMITTED IN QA. IN OFFICE OF FOREIGN TRADE ASSOCIATIONS--AUTHORIZED TO BUY AND SELL ON BEHALF OF SOME SEVENTEEN TRADE ASSOCIATIONS, INCLUDING TEKHMASIMPORT--SOVIETS ALREADY HAVE MECHANISM FOR DEVELOPING COMMERCIAL RELATIONS WITH WEST BERLIN, AND ANY DESIRE FOR FURTHER EXPANSION OF ACTIVITIES THROUGH MEDIUM OF JOINT VENTURES COULD WELL BE POLITICALLY RATHER THAN COMMERCIALLY MOTIVATED.

5. ALLIED MISSIONS PLAN TO INFORM SOVIET EMBASSY OF ABOVE POSTION AT CONVENIENT OPPORTUNITY. SOVIET EMBASSY, NOT OFFICE OF TRADE ASSOCIATIONS, IS PROPER CHANNEL FOR RESPONSE, SINCE WE ARE DEALING HERE NOT STRICTLY WITH TRADE ASSOCIATIONS BUSINESS BUT RATHER WITH INTERPRETATION OF QA AND WITH GENERAL ALLIED POLICY IN BERLIN. GEORGE

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## Message Attributes

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